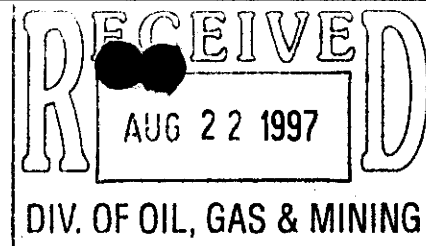


P O. Box 421
Eureka, Utah 84628
(801) 433-6804
FAX (801) 433-6803



North Lily Mining Company

*PLS
FILE*
m/023/007

August 19, 1997

State of Utah
Attn: Compliance and Monitoring Program
Division of Water Quality
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4780

RE: Water quality sample of fluids being land applied

Dear Compliance and Monitoring Personnel:

In compliance with Ground Water Discharge Permit No. 230001; Land Application Approval issued to North Lily Mining Company in May 22, 1997, please find enclosed:

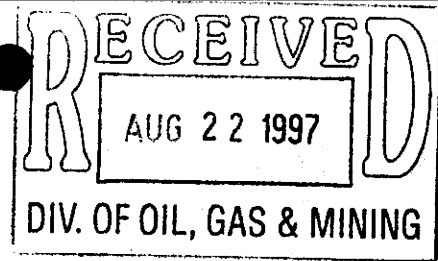
Spillway sample taken July 15, 1997

A spillway sample was delivered to Chemtec/Ford, a Utah certified laboratory, on July 15, 1997 for analysis with a request that the water be analyzed per the specification required by the Division of Water Quality.

The following table outlines the progress to date on some of the metals and cyanide (all analysis are reported in mg/l):

PARAMETER	*GROUND WATER QUALITY STANDARD	DETECTED IN								
		SEP 95	DEC 95	MAR 96	JUN 96	SEP 96	DEC 96	MAR 97	JUN 97	JUL97
Fluoride as F	2.4	5.2	5.7	3.5	5.9	1.6	5.4	3.4	3.1	4.2
Arsenic as As	0.05	0.814	0.500	1.3	0.63	0.44	0.31	0.40	0.06	<0.05
Barium as Ba	2.0	0.02	<0.20	<0.05	0.02	0.02	<0.2	0.02	0.03	0.03
Cadmium as Cd	0.005	<0.01	<0.05	<0.025	<0.02	0.008	<0.1	<0.01	<0.01	<0.01
Chromium as Cr	0.1	<0.01	<0.05	<0.025	0.041	0.040	<0.1	<0.005	<0.04	<0.03
Copper as Cu	1.3	255	188	162	161	102	80.2	69.6	55.0	54.5
Lead as Pb	0.015	0.100	0.100	<0.04	0.14	0.11	1.3	0.13	0.10	0.08
*Mercury as Hg	0.002	0.232	0.329	0.39	0.40	0.27	0.31	0.35	0.051	0.250
Selenium as Se	0.05	0.17	0.024	0.03	<0.02	0.02	0.05	0.08	0.02	<0.02
Silver as Ag	0.05	4.24	3.43	0.56	1.32	7.74	<0.1	1.240	77.0	80.0
Zinc As Zn	5.0	0.19	0.20	0.08	0.30	0.35	<0.2	0.17	0.03	0.06
Cyanide as CN-T	0.75	300	*NOTE	163	149	91	62	61	19.6	43.2
Cyanide as CN-Wad	0.20	291	169	153	156	93	64	63	19.2	42.4
pH	6.5 to 8.5	9.31	8.95	9.39	9.20	8.6	8.7	9.00	9.10	8.40

0011



Page 2 Water quality sample of fluids being land applied

As the above table indicates, the effluent coming from off the heap leach pads showed significant reductions in several metals and total and wad cyanide levels for the last quarters.

On May 22, 1997 DWQ approved North Lily's March 5, 1997 application for it's Fluid Disposal Plan. As of August 15, 1997 approximately 840,000 gallons of heap leach runoff water has been disposed of on land adjacent to the heap leach pads. The barren pond is empty and the preg pond is nearly empty. The flow coming off the pad at this time is estimated at 4 gallons per minute.

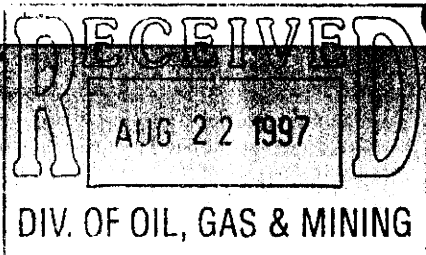
Thank you for your consideration and if you have questions, comments or concerning please contact Paul Spor at (801) 634-1584.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul C. Spor".

Paul C. Spor
General Manager

cc: Roger A. Foisy, Division of Water Quality
Tom Munson, Division of Oil, Gas, and Mining
Tom Gast, Environmental Management Services



CHEMTECH-FORD

ANALYTICAL LABORATORIES



Date: 8/13/97

To: North Lily Mining Company
attn. Paul Spor
P.O. Box 421
Eureka, UT 84628

Group #: 16868
Lab #: 97-U007806
Project: SILVER CITY
Sample Desc: Composite/Disposal
7/2 - 7/13

Date Sampled: 7/15/97
Date Submitted: 7/15/97

Time Sampled: 8:30
Time Received: 10:30

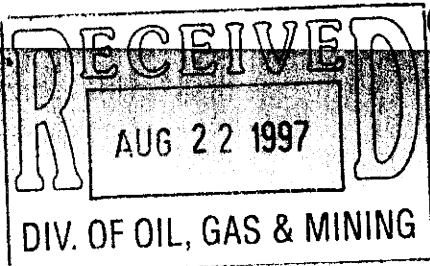
CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Bicarbonate as HCO ₃ , mg/L	432	1	7/24/97 10:00	SM 2320B	TM
Carbonate as CO ₃ , mg/L	< 1	1	7/24/97 10:00	SM 2320B	TM
Alkalinity, Solids, mg/L	213	1	7/24/97 10:00	SM 2320B	TM
Hydroxide as OH, mg/L	< 1	1	7/24/97 10:00	SM 2320B	TM
Alkalinity, Total (CaCO ₃), mg/L	355	1	7/24/97 10:00	SM 2320B	TM
Carbon Dioxide, mg/L	313	1	7/24/97 10:00	SM 4500 D	TM
Chloride (D), mg/L	2,390	10	7/23/97 9:00	EPA 325.3	TM
Conductance, Specific, umhos/cm	24,700	0.1	7/18/97 12:00	EPA 120.1	KRF
Cyanide, Free, mg/L	0.270	0.002	8/ 6/97 16:00	ASTM D2036	TPH
Cyanide (T), mg/L	43.2	0.8	7/29/97 17:00	ASTM D2036	TPH
Cyanide, WAD, mg/L	42.4	0.8	7/29/97 17:00	ASTM D2036	TPH
Fluoride, mg/L	4.2	0.5	7/23/97 11:00	EPA 340.2	TPH
Hardness, EDTA Titration, mg/L	1,010	83	7/18/97 10:45	EPA 130.2	TM
Hardness Index: Very Hard Water					
Mercury (T), as Hg, mg/L	0.250	0.004	7/22/97 9:00	EPA 245.1	EG
Nitrite, Nitrogen, mg/L	7	1.25	7/15/97 14:20	EPA 354.1	AJP
Nitrate/Nitrite-Nitrogen, mg/L	< 8	8	7/18/97 14:46	EPA 353.1	LH
pH, units	8.40	0.05	7/15/97 11:15	EPA 150.1	LS
Phosphorus, Ortho, mg/L	0.17	0.05	7/15/97 14:20	SM 4500E	AJP

Approved By: R2

{generic.rpt}

6100 SOUTH STRATLER
SALT LAKE CITY UTAH 84107 6905
801 262 7299 PHONE
801 262 7378 FAX



CHEMTECH-FORD

ANALYTICAL LABORATORIES



Date: 8/13/97

To: North Lily Mining Company
attn. Paul Spor
P.O. Box 421
Eureka, UT 84628

Group #: 16868
Lab #: 97-U007806
Project: SILVER CITY
Sample Desc: Composite/Disposal
7/2 - 7/13

Date Sampled: 7/15/97
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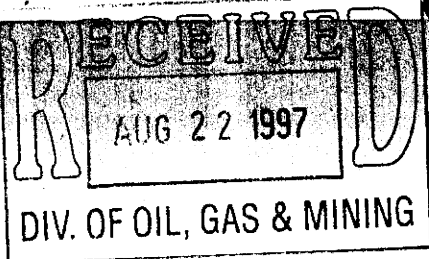
CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Sulfate, mg/L	9,590	2500	7/17/97 9:30	EPA 375.4	TM
Total Dissolved Solids, mg/L	21,500	250	7/24/97	EPA 160.1	LS
Total Suspended Solids, mg/L	8.4	0.5	7/15/97 11:15	EPA 160.2	LS
Turbidity, NTU	3.96	0.05	7/15/97 11:15	EPA 180.1	LS
Barium (T), as Ba, mg/L	0.03	0.01	7/17/97 12:22	EPA 200.7	LH
Beryllium (T), as Be, mg/L	< 0.001	0.001	7/17/97 12:22	EPA 200.7	LH
Calcium (T), as Ca, mg/L	347	0.1	7/17/97 12:22	EPA 200.7	LH
Chromium (T), as Cr, mg/L	< 0.03	0.03	7/17/97 12:22	EPA 200.7	LH
Copper (T), as Cu, mg/L	54.5	0.01	7/17/97 12:22	EPA 200.7	LH
Iron (T), as Fe, mg/L	0.12	0.03	7/17/97 12:22	EPA 200.7	LH
Magnesium (T), as Mg, mg/L	8.7	0.1	7/17/97 12:22	EPA 200.7	LH
Manganese (T), as Mn, mg/L	0.11	0.01	7/17/97 12:22	EPA 200.7	LH
Nickel (T), as Ni, mg/L	0.33	0.01	7/17/97 12:22	EPA 200.7	LH
Potassium (T), as K, mg/L	338	2	7/17/97 12:22	EPA 200.7	LH
Sodium (T), as Na, mg/L	6,240	2	7/17/97 12:22	EPA 200.7	LH
Zinc (T), as Zn, mg/L	0.06	0.01	7/17/97 12:22	EPA 200.7	LH
Antimony (T), as Sb, mg/L	< 0.02	0.02	7/22/97 7:45	EPA 200.9	EG
Arsenic (T), as As, mg/L	< 0.05	0.05	7/18/97 11:14	EPA 200.9	EG
Cadmium (T), as Cd, mg/L	< 0.01	0.01	7/21/97 7:17	EPA 200.9	EG

Approved By: 

(generic.rpt)

6100 SOUTH STRATLER
SALT LAKE CITY UTAH 84107 6905
801 262 7299 PHONE
801 262 7378 FAX



Date: 8/13/97

To: North Lily Mining Company
attn. Paul Spor
P.O. Box 421
Eureka, UT 84628

Group #: 16868
Lab #: 97-U007806
Project: SILVER CITY
Sample Desc: Composite/Disposal
7/2 - 7/13

Date Sampled: 7/15/97
Date Submitted: 7/15/97

Time Sampled: 8:30
Time Received: 10:30

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Lead (T), as Pb, mg/L	0.08	0.05	7/24/97 8:04	EPA 200.9	EG
Selenium (T), as Se, mg/L	< 0.02	0.02	7/16/97 12:23	EPA 200.9	EG
Silver (T), as Ag, ug/L	80	5	7/17/97 7:34	EPA 200.9	EG
Thallium (T), as Tl, mg/L	0.03	0.01	7/16/97 7:46	EPA 200.9	EG
Cation, meq/L	298.1				
Anion, meq/L	274.5				
% Difference,	-4.12				
Receiving Temperature, C	25.5		7/15/97 10:30		RCG

NOTE: Sample submitted not on ice.

Due to background interference the arsenic reporting limit is the best available.

Approved By: 

(generic.rpt)

6100 SOUTH STRATLER
SALT LAKE CITY UTAH 84107 6905
801 262 7299 PHONE
801 262 7378 FAX

Sample Chain of Custody

DIV. OF OIL, GAS & MINING

CHEMTECH - FORD

6100 SOUTH STRATLER
SLC, UT 84107
801 262-7299 PHONE
801 262-7378 FAX

1250 LAMOILLE HWY.
ELKO, NV 89801
702 738-0111 PHONE
702 753-7255 FAX

Client:

Contact:

Tel:

Date Delivered:

• Environmental • Waste Water • Hazardous Waste • Drinking Water • Petroleum Contamination

P. O. #: RECL

Project:

Silver City

No.
of

Due Date:

Location:

Sample Taken by:

Containers

Analysis Requested

Drinking Water

Date _____

Time

Sampled

Sampled

C/G*

Sample Description

Composite / Disposal
7/2 - 7/13

* Composite or grab sample
Special Instructions:

"Cantaris Cyanide"

Temperature
Seal intact

25.5 °C

Sample Relinquished by:

Date _____

Time

Sample Received by:

Date _____

Time

17/10/2017

7/15/97

10:30 AM

PGJ under

07/15/97

103)

White Copy: Laboratory Copy

Yellow Copy: Return With Results

Pink Copy: Client Copy